



Form GSOP 1-PIN (04/98)

STATE OF CALIFORNIA
Department of General Services - Office of Procurement

PURCHASE ORDER

Page 1

Purchase Order No.	Rev.	Date
62210		6/30/2008

Supplier No.	Solicitation No.	Delivery Date	FOB Point	Invoice Terms
105495	57064	As Specified	Destination	N45

S h i p DEPT OF MOTOR VEHICLES 2730 BROADWAY SACRAMENTO, CA 95818		C h a r g e MOTOR VEHICLES G-15 ACCOUNTS PAYABLE PO BOX 932382 SACRAMENTO CA 94232-3820	
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Agency Billing	Agency Purchase Estimate	Purchase Estimate	Revision
51806	E-0069	67284	0

Agency Contact	Phone	Date Received
CONNIE GREBB	916-657-5858	

PITNEY BOWES
1 ELMCROFT ROAD
STAMFORD, CT 06926
Attn: TOM TANAKA

Phone: 310-791-9945

Item No.	Quantity	Unit	Commodity Code	Description	Unit Price	Extension
<p>TERMS AND CONDITIONS:</p> <p>THE ATTACHED STATEMENT OF WORK, CONSISTING OF TWELVE (12) PAGES IS PART OF THIS AGREEMENT.</p> <p>THE FOLLOWING DOCUMENTS ARE INCORPORATED INTO THIS AGREEMENT AND MAY BE VIEWED AT THE WEBSITE LISTED.</p> <p>IT General Provisions, GSPD-401IT Revised and Effective 04/12/2007 http://www.documents.dgs.ca.gov/pd/modellang/GPIT0407.pdf</p> <p>Information Technology Purchase Special Provisions, effective 02/08/07 http://www.documents.dgs.ca.gov/pd/modellang/Purchasespecial020807.pdf</p> <p>Information Technology Maintenance Special Provisions, effective 01/21/03 http://www.documents.dgs.ca.gov/pd/modellang/maintenancespecial112103.pdf</p> <p>Information Technology Software License Special Provisions, effective 1/21/03 http://www.pd.dgs.ca.gov/modellang/SoftwareSpecial012103.pdf</p> <p>Information Technology Personal Services Special Provisions, effective 02/08/2007 http://www.pd.dgs.ca.gov/modellang/PersonalServicesSpecial020807.pdf</p>						
1	1	EA	7490-123-3009-0	INSERTING AND MAILING MACHINE	1,185,032.5600	1,185,032.56
<p>Card Processing System</p> <p>Brand: Pitney Bowes/Power Forward</p> <p>Model: FDS/LMS</p>						
Total Value:						1,185,032.56
<p>This purchase order is being awarded on September 25, 2008 pursuant to Government Code Section 13332.17. Any encumbrances made pursuant to this purchase order shall be construed to have been made on the last day of the preceding fiscal year.</p>						

Sales and/or use tax to be extra unless noted above

Buyer DIANA MERCADO	Phone 916-375-4430	BOC Number
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Department of General Services - Office of Procurement

Form GSOP 2-PIN (04/98)

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<i>Purchase Order No.</i>	<i>Revision</i>	<i>Date</i>	<i>Supplier No.</i>	<i>Supplier Name</i>
62210		6/30/2008	105495	PITNEY BOWES

Item No.	Quantity	Unit	Commodity Code	Description	Unit Price	Extension
<p><u>FOB DESTINATION:</u></p> <p>For the purposes of this Award, only FOB Destination will be accepted.</p> <p><u>CHANGE ORDERS:</u></p> <p>This Purchase Order may be amended, modified, or terminated at any time by mutual agreement of the parties in writing, change orders amending, modifying or terminating the Purchase Order, including any modifications of the compensation payable, may be issued only by the State Procurement Officer. All such change orders shall be in writing and issued only upon written concurrence of the supplier. Termination, as that term is used in this section, does not include termination for default of the supplier.</p> <p>This Purchase Order has been registered into the State Contracts and Procurement Registration System (https://www.scprs.dgs.ca.gov). The Registration Number is: 27400908334591</p>						

**DEPARTMENT OF MOTOR VEHICLES
STATEMENT OF WORK**

Card Processing System

This Statement of Work ("Agreement") reflects the services to be provided by (Contractor Name), hereinafter referred to as the "Contractor," for the Department of Motor Vehicles, hereinafter referred to as the "State".

A. PERIOD OF PERFORMANCE

The term of this Agreement will be for sixty (60) months effective upon the Agreement start date or upon the date the Purchase Order is signed, whichever is later.

B. TRANSACTION INVENTORY SYSTEM (TIS)

This section provides an overview of the existing Transaction Inventory System that currently support DMV's card processing and mailing. The TIS is a database that tracks the status of the DL/ID/SP cards after they have been manufactured. Following each batch of cards produced, the card production vendor sends an electronic file (referred to as the TIS file) to DMV headquarters to update the TIS. TIS tracks each card by batch number, card type, and DL/ID/SP number. When cards are sent to DMV headquarters for quality assurance (QA), they are reconciled with TIS. Any cards not passing QA are noted in the TIS for remanufacturing or retake. After QA checks have been performed, the cards are sent to the DMV Production Mail Center for processing and mailing. The High Integrity Card Mailing System will need to read the data on the TIS file disk but will not be required to update the TIS file disk with "date mailed" information. Once a batch of Cards has been successfully and accurately processed for Mailing, the TIS file disk will be removed from the High Integrity High Integrity Card Mailing System and returned to the appropriate DMV Headquarters unit for updating of the 'date mailed' field in TIS as well as the driver record master.

C. CONTRACTOR REQUIREMENTS (INCLUDING SYSTEM BUILD, SET-UP AND OPERATION)

- (1) Contractor must be a factory authorized distributor and offer factory authorized service for the materials they are offering.
- (2) Any standard equipment not specifically mentioned in the Bid Specification but listed in the manufacturer's standard literature shall be included.
- (3) Upon Contract award, the Contractor shall have a maximum of 120

calendar days to construct and install the system and pass acceptance testing. From the date of delivery of the equipment to the worksite, the Contractor shall have thirty (30) consecutive calendar days to complete installation and begin processing the work as detailed in this Agreement at the speeds and with the accuracy specified in Section 3, Requirements, of DGS document 7490-0289.

- (4) The Contractor shall provide DMV with the site preparation specifications for the High Integrity Card Mailing System at least 30 days prior to delivery. The specification shall include, but not be limited to, operating environment, power requirement, and space requirement.
- (5) On-Site set up and operation shall be performed by factory authorized representatives. The site location will be the DMV Production Mail Center, 2730 Broadway, Sacramento, California 95818.
- (6) Delivery of the equipment shall be coordinated with the DMV Project Manager so as to not interfere with production work at the worksite.
- (7) The Contractor shall submit a proposed installation schedule thirty (30) calendar days after contract award to the DMV Project Manager for approval. The Contractor shall obtain written installation schedule approval from the DMV Project Manager prior to delivery of the High Integrity Card Mailing System.
- (8) Delivery costs, unloading of equipment, personnel necessary for transportation and unloading plus set up of the High Integrity Card Mailing System at the worksite shall be the responsibility of the Contractor. All associated costs are to be paid by the Contractor.
 - a. All packaged equipment and materials supplied for this High Integrity Card Mailing System shall be delivered and unpacked at the worksite.
 - b. Removal, disposal, and clean up of all packaging materials shall be performed at the end of each work day as part of the delivery and installation of the High Integrity Card Mailing System, at no additional cost to DMV. Clean up requires leaving the installation site in a condition as it was prior to the delivery and installation of the equipment.
 - c. Packaging shall not be disposed of in any of DMV's waste containers or recycling bins.
- (9) Contractor shall comply with all applicable Federal, State and Local laws, orders and regulations regarding the installation and operation of the equipment. Contractor shall not be required to provide an electrical hookup for the High Integrity Card Mailing System. The DMV and building owner will provide the necessary electrical hookup for the High Integrity Card Mailing System.

- (10) All electrical and mechanical equipment furnished shall comply with the California Administrative Code, Title 8 (Industrial Safety Orders), Title 24 (State Building Standards Law) and Title 17 (Public Health). All electrical equipment furnished must be grounded, with any exceptions only as approved in the referenced applicable titles.
- (11) The High Integrity Card Mailing System must come with one operation manual, service manual, and parts list (consumable parts and non-consumable parts).
All manuals and instructions shall be in the English language.
- (12) If there are any special tools required for basic maintenance, one set shall be provided to DMV at no additional cost.

D. OPTIONAL UPGRADE READER

- (1) DMV may choose to purchase the Upgraded Reader for 3 of 9, 2 of 5 barcodes, 2D and 3D technology and One Year Warranty
- (2) Upon written notification to Contractor that DMV wants to exercise this optional purchase, the Contractor shall have a maximum of 45 calendar days to construct and install the upgrade reader. From the date of delivery of the Upgrade reader to the worksite, the Contractor shall have one (1) calendar day to complete installation and begin processing the work as detailed in this Agreement at the speeds and with the accuracy specified in Section 3, Requirements of DGS document 7490-0289.

E. TRAINING

- (1) The Contractor shall provide on site training by factory authorized training personnel for up to thirty (30) DMV employees. The site location is 2730 Broadway, Sacramento, California 95818.
- (2) Training shall be provided on two separate shifts:
 - a. Day Shift – 5:00 a.m. to 1:00 p.m., Monday through Friday
 - b. Swing Shift – 1:30 a.m. to 10:00 p.m., Monday through Friday
- (3) Training shall be coordinated between the Contractor and the DMV Project Manager.
- (4) Training shall cover all aspects of the High Integrity Card Mailing Systems' operation.
- (5) At the time of training, Contractor shall provide training materials both hard and soft copies such as user guides and operations guides (technical) for the High Integrity Card Mailing System.
- (6) Training for Upgrade Reader, if purchased, shall adhere to the above requirements.

F. WARRANTY

- (1) All equipment acquired throughout the term of this Agreement shall be fully warranted by the manufacturer to be free from defects in materials (except consumables), software, and workmanship for a period of one year from the date of written DMV System Acceptance.
- (2) For warranty repair of defects or failures, the Contractor shall ensure that a qualified technician is at the worksite within four (4) hours after the initial call for repair is made.
- (3) All service or repairs performed under the warranty shall be completed within twenty-four (24) hours of the initial call for service.
- (4) DMV shall incur no costs associated with the replacement of any of the equipment parts or modules that fail to meet the specifications of this Agreement during the warranty period.
- (5) Any replacement equipment shall be subject to all the terms and conditions of the original equipment under this Agreement.
- (6) Unless the entire High Integrity Card Mailing System or upgrade reader is replaced, the warranty period shall continue to be one year from the date of acceptance of each respective item. Replacement of modules will not cause the warranty period to be extended.
- (7) If at any time during the warranty period should DMV or the Contractor determine that it is necessary to bring to the worksite technical assistance from the manufacturer for any equipment component or software acquired during the term of this Agreement, all costs including but not limited to, travel, transportation, fees, per diem, parts and labor shall be at the Contractor's expense.
- (8) DMV shall not become involved in any disputes that may occur between the Contractor and any manufacturer of components, parts, or software necessary for equipment functioning. The Contractor shall be fully responsible for all parts, assemblies, components, attachments, hardware and software required to meet the equipment specifications detailed in this Agreement.

G. PREVENTIVE MAINTENANCE

- (1) Contractor shall provide preventive maintenance service for all equipment acquired through the term of this Agreement.
- (2) The preventative maintenance services shall be performed at the DMV, Production Mail Center, 2730 Broadway, Sacramento, California 95818.

- (3) The preventive maintenance services shall be provided during the days and times specified under Section K, Operational Hours.
- (4) Contractor shall provide preventive maintenance for all of the equipment covered by this Agreement, during the shifts and hours specified, to keep the equipment in the proper operating (optimal) condition.
 - a. The preventive maintenance shall be performed a minimum of once each month.
 - b. The preventive maintenance shall be performed so as to not interfere with the scheduling of work for the equipment.
 - c. The Contractor shall provide a monthly preventive maintenance schedule to the DMV Project Manager ten working days prior to the beginning of each calendar month. The schedule shall contain the dates and times the preventive maintenance will be performed.
 - d. Preventive Maintenance shall include the following: The equipment shall be thoroughly inspected for worn parts, and such parts replaced at no cost to DMV. The equipment shall be cleaned, lubricated and adjusted as necessary to maintain the equipment in good operating condition.
 - e. All repairs and adjustments must be made to comply with the original manufacturers' specifications.
 - f. All parts replaced must be replaced with original manufacturer produced parts.
 - g. All repairs performed by the Contractor shall adhere to the manufactures' safety requirements. Contractor shall not remove or bypass any safety devices in order to facilitate repair and operation of the equipment.

H. REMEDIAL SERVICE

- (1) Contractor shall provide remedial maintenance service for all equipment acquired throughout the term of this Agreement.
- (2) The remedial maintenance services shall be performed at the DMV, Production Mail Center, 2730 Broadway, Sacramento, California 95818.
- (3) The remedial services shall be provided during the days and times specified under Section J, Operational Hours.
- (4) The Contractor shall provide unlimited on-call remedial service, as needed, on the equipment and software covered by this Agreement.
- (5) Contractor shall respond to the DMV worksite not more than four (4) hours after notification of equipment failure. The four (4) hour response time applies to all shifts including regular operational hours, and shifts for Saturday, Sunday and Holidays in which prior timely notice has been given to the Contractor by DMV.

- (6) Contractor shall only be required to respond to the worksite on Saturday, Sunday or Holiday when prior notice has been given to the Contractor as specified by this Agreement.
- (7) All repairs performed under this Agreement shall be completed within twenty-four (24) hours of the initial call for service.

I. ITEMS NOT COVERED UNDER PREVENTIVE AND REMEDIAL MAINTENANCE

- (1) Consumable items of supply.
- (2) Labor, parts and expenses necessary to repair damage caused by accident, fire and water, unless the damage is due to the Contractors' fault or negligence.
- (3) Service, repair, or replacement of parts or attachments that are installed by anyone other than the Contractors' Service Representatives.
- (4) Cost of moving the equipment from its originally installed location.
- (5) This Agreement does not cover the replacement of attachments or purchase and installation of attachments or modifications of the equipment for the purpose of updating the equipment or changing its function, except for the installation of manufacturers' software upgrades as covered under this Agreement.

J. DMV OPERATIONAL HOURS

- (1) DMV Production Mail Center (2730 Broadway) regular operational hours are Monday through Friday, 5:00 a.m. through 10:00 p.m. It is expected that DMV will operate a shift on some Saturdays and Sundays during peak workload periods.
- (2) DMV will notify the Contractor by 12:00 noon on the Thursday prior to any Saturday or Sunday in which a shift is scheduled for work.
 - a. A Saturday or Sunday shift will begin at 5:00 a.m. and continue through 6:00 p.m.
 - b. DMV makes no guarantee as to the number of Saturdays or Sundays that may be scheduled for work during the term of this Agreement.
- (3) It is expected that DMV will operate a shift on some Holidays.
 - a. DMV will notify the Contractor forty-eight (48) hours prior to requiring work on any Holiday.
 - b. The shift on any Holiday will begin at 5:00 a.m. and continue through 6:00 p.m.
 - c. DMV makes no guarantee as to the number of Holidays that may be scheduled for work during the term of this Agreement.

- (4) Contractor's Service Representative(s) required to work on any Saturday, Sunday or Holiday, or work performed during any extended operational hours, shall be included as part of the Agreement and provided at no additional cost to DMV.
- (5) Regular operational hours are subject to change. Contractor shall be notified at least thirty (30) calendar days prior to changes in regular operational hours by the DMV Project Manager and by way of contract Amendment.

K. POINTS OF CONTACT

Department of Motor Vehicles

DMV Project Manager:

Lee Ann Richardson
DMV Production Mail Center
2415 First Avenue M/S A-135
Sacramento, CA 95818
Phone: (916) 657-3930
Fax: (916) 657-8687
E-Mail: lrichardson@dmv.ca.gov

For operational questions please contact:

Rico Hamm
DMV Production Mail Center
2730 Broadway M/S T-246
Sacramento, CA 95818
Phone: (916) 657-6623
Fax: (916) 657-6574
E-Mail: fhamm@dmv.ca.gov

Contractor Primary Contact

Tom Tanaka
4505 Via Corona
Torrance, CA 90505
Phone: (310) 791-9945
Fax: (203) 749-7392
Email: tom.tanaka@pb.com

L. SERVICE REPRESENTATIVES

- (1) The Contractor shall provide fully trained and qualified Service Representatives for all components (hardware and software) for all equipment acquired throughout the term of this Agreement.
- (2) All of the Contractor's Service Representatives performing maintenance at the worksite during the term of this Agreement are subject to DMV security clearance requirements prior to their being admitted to the worksite.
- (3) DMV reserves the right to bar any of the Contractor's employee(s) from the worksite. Contractor must provide a fully trained and qualified Replacement Service Representative within three (3) days.

M. REPLACEMENT PARTS

- (1) The Contractor shall furnish replacement parts at no additional cost to DMV.
- (2) The Contractor, at no additional cost to DMV, shall provide all labor necessary to make such replacement of parts, technical adjustments, cleaning and lubricating.
- (3) Removed parts become the property of the Contractor.
- (4) Except when replacement of parts is due to the fault or negligence of DMV, all worn or broken parts must be replaced within twenty-four (24) hours of notification of equipment failure.
- (5) Contractor shall acquire on an expedited basis (overnight delivery) any parts needed that are not in stock in order to limit machine downtime.
- (6) There shall be no additional cost to DMV for expedited delivery of any parts needed for preventative or remedial maintenance.
- (7) Contractor shall guarantee that manufacturer parts, including software, shall be available for a minimum of five (5) years from the date of final acceptance by the DMV.

N. MAINTENANCE LOG REQUIREMENTS

Contractor's Service Representatives shall maintain a written maintenance log for all equipment acquired throughout the term of this Agreement. A copy of the maintenance log shall be provided to the DMV Project Manager a minimum of once each month. At a minimum, the maintenance log will contain the following information:

- (1) The date and time that the Contractors' Service Representatives was notified of each occurrence of malfunction.
- (2) The date and time that the Contractors' Service Representatives began to work on the malfunctioning machine.

- (3) The model and serial number or other identification number that identifies which module of the machine is subject to maintenance or repair.
- (4) The total amount of time required to complete the maintenance or repair.
- (5) A description of the malfunction, including the cause, if known.
- (6) Corrective action taken, including replacement parts used.
- (7) Written acknowledgement (initial) by DMV manager/supervisor of the accuracy of the entries to validate satisfactory completion of the work and adherence to time lines.
- (8) Date and time of each preventive maintenance call shall also be documented in the Contractors' maintenance log.
- (9) The maintenance log shall be a separate log from the logs in which DMV Operators enter daily information regarding/reporting conditions/problems with the equipment.

O. CONSUMABLES

- (1) Purchase of consumables is not part of this contract.
- (2) Consumables are defined as adhesive (to affix card to card carrier), replenisher fluid and ink. Any other part or materials required to keep system operational is deemed "replacement parts" and is covered under Section M, Replacement Parts, of this Agreement.
- (3) Consumables do not include cards, card carriers, or envelopes.

P. SECURITY

- (1) Contractors' employees are not authorized to open, use, access, read, remove or copy any documents or records.
- (2) Contractors' employees shall not use, access or disturb cabinets, files, desks, computers, folders, papers, books, telephones, calculators, kitchen appliances or DMV employee's personal property. Failure to adhere to this security requirement may result in immediate termination of the Agreement.
- (3) Information Access Security and Clearance

- a. The Contractor shall not capture or retain any information acquired under the provisions of this Agreement for any purpose other than those of this Agreement. The DMV shall send the Information Access Security and Disclosure Statement (Firm) to the awarded Contractor. The Contractor shall require its employees performing duties under this Agreement to sign the Information Access Security and Disclosure Statement (Employee). The Contractor shall store the statements at a secure location and inform the DMV of this location and of any change in the location. The Contractors' employee(s) shall renew their statements annually.
- b. The DMV will provide the Contractor with a copy of its Information Security Incident Guide, "Handling and Reporting Information Security Incidents", DMV 145. The Contractor shall become familiar with the procedures for recognizing and reporting an information security incident as it applies to work performed under this Agreement. The Contractor shall make the guide available to the firm's employees and inform them that they should become familiar with the procedures for recognizing and reporting an information security incident as it applies to their work for DMV under this Agreement. The Contractor shall report incidents to the DMV Project Manager.

(4) Security Clearance

- a. The DMV may perform a background check and security clearance on contracted employees working under this Agreement. For this reason the employee's name must be entered on the Information Access Security and Disclosure Statement (Employee). These records shall remain in the company file; their confidentiality shall be ensured by the Contractor. Based on this background check and security clearance, at the department's discretion, any potential employee who is considered a security risk may not under any circumstances participate in this Agreement.
- b. If the DMV Project Manager receives an unsuitable report on any of the Contractor's employees after approving a security clearance, or if it is found a prospective employee is unsuitable or unfit for the Contractor's assigned duties, the Contractor shall be advised immediately that such employee cannot continue to work or be assigned to work under this Agreement.
- c. The DMV shall have and exercise full and complete control over granting, denying, withholding or terminating clearances for employees of the Prime Contractor or any Sub-Contractor.

- d. The DMV may, as it deems appropriate, authorize and grant temporary clearance to the employees of the Contractor. However, the granting of temporary clearance to any such employee shall not be considered as assurance that full clearance shall follow. Granting of either temporary or full clearance shall in no way prevent, preclude, or bar the withdrawal or termination of any such clearance by the DMV.
- e. Contractor or employees shall not let visitors (including DMV employees) come into the building. Building admittance is restricted to employees of the Contractor who have been assigned to this location and previously introduced to the DMV Project Manager or shift manager/supervisor. Individuals who have not been assigned to perform services at this location (i.e. children, family members or friends of the Contractor or the Contractor's employee) are strictly forbidden from entering the building and secured areas (including secured vehicle compounds). Failure to adhere to this requirement shall result in immediate termination of the Agreement.

Q. ACCEPTANCE AND PAYMENT PROVISIONS

- (1) Acceptance testing shall ensue that each Card Processing System operates properly. The Contractor must certify in writing that the equipment is fully functional within five (5) days prior to acceptance testing. The Acceptance Test is defined in document 67842AT.
- (2) The System will not be accepted by DMV until the Acceptance Test has been successfully completed. If the System fails both attempts to pass the Acceptance Test, DMV has the option to either default the Contractor or allow for a single retest run that shall occur within five (5) business days of the original testing date. If there is a retest, it shall be performed under the same test conditions described in the Acceptance Test document. Failure of the retest shall automatically cause the Contractor to be in default.
- (3) DGS may witness the Acceptance Testing and shall receive a copy of the Letter of Acceptance from DMV to the Contractor.
- (4) Following successful Acceptance Testing performance, the DMV Project Manager shall notify the Contractor in writing that the High Integrity Card Mailing System and or upgrade reader is accepted. Once an acceptance letter is provided, the Contractor may issue an invoice for payment.
- (5) Without written acceptance from DMV, no payment shall be made to the Contractor, for any equipment, components, modules or expenses incurred as a result of this Agreement.

- (6) Invoices must reference the contract number and period of service performance. To ensure prompt payment, submit invoices to:

Department of Motor Vehicles
Accounts Payable F-109
P.O. Box 932382
Sacramento, CA 94232-3820
Ph: (916) 657-6505

- (7) Warranty period will begin upon written DMV acceptance of the equipment.
- (8) Remedial and Preventative maintenance period of five (5) years will begin upon High Integrity Card Mailing System Acceptance. Payments for Remedial and Preventative maintenance will be made monthly in arrears.
- (9) Upgrade Reader
If the DMV chooses to purchase the Upgrade Reader, testing, acceptance, warranties, and payment provisions shall be the same as above.

R. LIQUIDATED DAMAGES

- (1) Liquidated Damages will be assessed at the discretion of the DMV Project Manager.
- (2) DMV may deduct any amount equal to Liquidated Damages incurred by the Contractor from any monies due or that may become due the Contractor under this Agreement.
- (3) Warranty and Remedial Service Liquidated Damages
- Failure to return the equipment to full operating efficiency within the first twenty-four (24) hours from the time of initial call for warranty or remedial service will cause the Contractor to be subject to Liquidated Damages equal to one thousand dollars (\$1,000.00) per twenty-four (24) hour period; beginning the twenty-fifth (25th) hour after notification of equipment failure or malfunction. The \$1,000 Liquidated Damage is equivalent to the cost for two (2) Mail Machine Operator II personnel to work 40 hours of overtime which is deemed to be the amount of manual processing time needed to match 24 hours of downtime on the equipment.
 - One hour from the time of the initial call for service shall begin the calculation of downtime in order to assess Liquidated Damages.
 - Liquidated Damages will be assessed at the discretion of the DMV Project Manager.